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Chicago Bureau of Public
Efficiency

A plea for publicity in the
office of county treasurer

[Chicago]

[1911]

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A PLEA FOR PUBLICITY
IN THE OFFICE OF
COUNTY TREASURER

S U B M I T T E D T O T H E
J U D G E S O F T H E C I R C U I T C O U R T
BY THE
CHICAGO BUREAU OF PUBLIC EFFICIENCY

OCTOBER 9, 1911

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OF
PUBLIC EFFICIENCY

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HARRIS S. KEELER, *Legal Counsel*

ALONZO J. HAMMOND, *Chief Engineer*

LETTER OF TRANSMITTAL

*To the Honorable Judges
of the Circuit Court of Cook County.*

Gentlemen:

The Chicago Bureau of Public Efficiency respectfully submits herewith a statement with respect to the office of County Treasurer of Cook County.

Respectfully submitted,

CHICAGO BUREAU OF PUBLIC EFFICIENCY,
HERBERT R. SANDS,
Director.

Chicago, October 9, 1911.

A PLEA FOR PUBLICITY IN THE OFFICE OF COUNTY TREASURER

In a letter to the judges of the Circuit Court of Cook County, of February 18, 1911, the Chicago Bureau of Public Efficiency offered to make an inquiry into the fee offices of Cook County for the information of the judges, upon whom the duty devolves by the constitution of the state of fixing the number of employes for such offices. The offer was accepted by the judges by formal action taken at a meeting held February 27 last, of which action the Bureau was advised by Judge Jesse A. Baldwin, as Secretary of the judges, in a letter bearing date of March 3, 1911. The letter of the Bureau and that of Judge Baldwin, together with an explanation of the scope and method and general purpose of the inquiries, were set forth in the introductory statement of the report on the Administration of the Office of Recorder of Cook County, recently submitted to the judges of the Circuit Court.

Before the correspondence mentioned above had passed between the Circuit Judges and the Bureau, the Bureau, at considerable expense, had Mr. H. H. Ratheyn, Auditor of Receipts of the Department of Finance of the City of New York, come to Chicago to assist in studying the methods of collecting taxes in Cook County. The County Treasurer, who is the tax collector for all the governing bodies in Cook County, afforded to Mr. Ratheyn and to other representatives of the Bureau at that time the facilities reasonably necessary for these preliminary observations.

Later, however, when the Bureau was ready to undertake the systematic study of the entire office of County Treasurer, after the manner of its study of the office of Recorder, it encountered an unfriendly attitude. It was evident the County Treasurer and his principal assistants would prefer no investigation. Without flatly refusing to allow an inquiry, however, they subjected the Bureau investigators to repeated delays, involving

waste of time of high-salaried employees of the Bureau, and finally prescribed such limitations to the inquiry as practically blocked the way of the Bureau to make such an investigation as would disclose the number of employees actually needed in his office.

LETTER TO THE COUNTY TREASURER

At a conference between Treasurer O'Connell and officers of the Bureau, Treasurer O'Connell had said he was willing to afford facilities that would enable the investigators to understand the workings of the office, but under no circumstances would he permit inspection of the books of account. However, Mr. Jacobowsky, the Assistant Treasurer, to whom the Bureau investigators were turned over by Treasurer O'Connell, managed by one pretext or another to prevent the making of any progress in the inquiry. Consequently, on September 19 last, the following letter was sent by the Bureau to Treasurer O'Connell:

September 19, 1911.

HON. W. L. O'CONNELL,
County Treasurer.

Dear Sir:—

I am writing at the direction of the Executive Committee of the Chicago Bureau of Public Efficiency to ascertain with more definiteness your attitude toward the inquiry which the Bureau had started to make of the administration of the office of County Treasurer.

The inquiry was undertaken, as has been explained to you, with the approval of the Judges of the Circuit Court, upon whom is imposed by the constitution of the state the duty of fixing the number of deputies and assistants in various Cook County fee offices, among which is that of County Treasurer. At the interview between yourself and representatives of the Bureau you said you would not permit the examination of your books and accounts, especially your ledger accounts, as such examination might disclose information you did not want to become public. You did say, however, that representatives of the Bureau would be given such facilities otherwise as would enable them to understand the workings of the office.

For the purpose of this particular inquiry as the basis for a report to the Circuit Judges, the representatives of the Bureau acquiesced in this limitation imposed by you. It cannot permit the acquiescence in this particular instance, however, to be accepted as a recognition of the principle involved. The Bureau holds that public business should be carried on publicly. This

applies especially to an official entrusted with the collection and custody of public funds.

The interview in which you said the Bureau would be given facilities for making a study of the working conditions in your office took place about three weeks ago. Meantime the Bureau's investigators have been able to make no progress whatever in the inquiry. The attitude of the Assistant Treasurer, Mr. Jacobowsky, has been vacillating and lacking in cordiality. On one occasion he said he would prefer to give out no information until the close of the year. On other occasions he has promised to let the Bureau investigators begin their work of inquiry at fixed dates in the future only to postpone the dates again when our investigators appeared at his office. At the last conference he told the Bureau investigators to come back October 5. It is not his intention even then to permit the investigators of the Bureau to go into the offices and see the employees at their work where they can be interviewed with forms and equipment before them as aids to the explanation and understanding of the duties. It is Mr. Jacobowsky's idea to have such employees as the Bureau's investigators may designate called to his office and interviewed there. Such an inquiry as the Bureau has in mind cannot be successfully carried on in that manner. In the study of the Recorder's office, upon which a report has already been prepared, our investigators were permitted to go into the offices, talk with the employees, and observe conditions freely.

Our Executive Committee has directed me to ask for a definite statement of your attitude in this matter. If you are not willing to accord to investigators of the Bureau the same freedom of access to your office that was granted by the Recorder, they would be pleased to have you state precisely the limitations. Does Mr. Jacobowsky represent your views in saying that our investigators must not go into the offices and talk with employees and observe them at work, but must do all interviewing in the office of the Assistant Treasurer? Are conditions such as to render it necessary to postpone beginning the inquiry in the Treasurer's office until after October 5?

Yours very truly,

(Signed) HERBERT R. SANDS,
Director.

MR. O'CONNELL'S POSITION

No reply to this letter was received in writing. As the result of telephone conversations, there were further conferences between Treasurer O'Connell and officers of the Bureau. Treasurer O'Connell finally took the position that he would introduce the Bureau investigators to his principal heads of departments, who would answer questions and explain the workings of the office. Even on these lines, however, and notwithstanding previous similar postponements, he said the inquiry could not be

undertaken at once, but its beginning must be delayed for several days. He would not allow the Bureau investigators to go inside the offices to investigate operations, nor would he permit talking with the employees. He reiterated his refusal to permit inspection of the books of account. Although it is the duty of the Circuit Court judges to fix the number of employees required in the Treasurer's office, yet in the course of these interviews Treasurer O'Connell insisted that neither the Bureau nor any person unconnected with his office could tell how many employees were necessary to do the work. When asked as to how the judges were to pass understandingly on this matter, he replied that they must take the word of himself and his assistants.

The Chicago Bureau of Public Efficiency contends that the limitations which Treasurer O'Connell seeks to impose upon this study of the administration of his office are improper. The specific purpose of that provision of the state constitution which makes it the duty of the judges of the Circuit Court to fix the number of employees in the Treasurer's office was to prevent the waste of public funds through the carrying on the payrolls of the County Treasurer of useless spoils employees. It is both the right and the duty of the judges to have for themselves and their agents such access to the office of Treasurer as will enable them to perform understandingly the duty laid upon them by the constitution.

The proper knowledge of the situation cannot be gathered from mere talks with the principal department heads. There must be a thorough examination of the office by experts in business methods.

CASE AS STATED BY THE JUDGES

The case for a thorough inquiry into the fee offices of Cook County could not be better stated than it was in 1908 by a committee of the Circuit Judges—Judges Tuthill, Walker and Mack. The judges themselves, of course, know the contents of the document submitted in 1908 by the committee, but as this report on the Treasurer's office is intended for the enlightenment of the

public as well as for the information of the judges, to whom it is addressed, extensive quotations from that document are reproduced below:

The conclusions reached by your committee are in accordance with those reached and embodied in last year's report. In that we stated, and we reiterate:

"The present method of fixing the number of assistants to be allowed to the various county officials is entirely unsatisfactory. Properly to determine these questions the judges must either be thorough business men thoroughly acquainted with modern technical business methods, or they must be furnished with impartial evidence based on thorough investigation of what a business man would consider essential in running a business.

"This evidence could be given only by experts who have made a thorough study of the work done and to be done. There is no power vested in the judges to spend any moneys to secure such an investigation. * * * The County Board should be requested to make an appropriation for the employment of competent accountants or specialists in business systems * * * who shall make a thorough investigation of each office and who shall, on the basis of such an investigation, report to the judges the help required to run the offices in a thorough and businesslike way and to suggest such modern methods of doing business as may be found proper in the administration of the offices. The number of assistants to be granted by the judges could then be fixed, in the belief that the elected official will conform to the suggestions."

When we began the investigation we learned for the first time that, acting on the suggestions contained in said report, the County Board had appropriated the sum of Seven Hundred Dollars, of which, however, Two Hundred Dollars had been expended under a requisition of the auditor. No notice of this had theretofore been given to the judges and it was not itemized in the appropriation bill under the Judges' Fund, but under the fund for the auditor of the County Board.

Upon learning that there was this balance on hand, your committee did the one thing possible at this time by way of engaging expert services in retaining Mr. Frost.

The intention of last year's recommendations and the recommendations which we now make is that the county make an appropriation large enough to at least make a thorough study of all of the county work for the purpose of ascertaining in what respect, under the best modern business systems, the methods in vogue can be improved, the work simplified, expedited, and done in the most economical manner consistent with thorough efficiency.

We must recognize that in private business great changes have taken place in the last ten or twenty years; that every business house of any size is eager to adopt new ideas and new methods which on investigation simplify or expedite work, or for economy in business expenses; that there are experts who have made a study of these problems and who, after a study of the actual work to be done, are capable of suggesting newer methods of doing it.

A study of this kind is not child's play; it would take both

time and money. To do the work thoroughly as it should be done every ten or fifteen years will require not a few days, but several months' time spent in every office by those who are making a business of such studies, and will involve an expenditure, in our judgment, of at least twenty-five thousand dollars, which should be the minimum appropriation for this purpose.

We suggest to the County Board that such an examination and study would best be made under a commission composed of some County Commissioners, some prominent business men, and perhaps some of the judges, authorized to employ the necessary expert help. Such an organization as the Commercial Club of Chicago or similar public-spirited bodies could render most valuable assistance in this matter.

The work done in New York by the Bureau of Municipal Research is the sort of thing which, beyond question, is needed in this city and county.

We do not for a moment charge or even suggest that there is any need for anything like an investigation because of any specific wrongs, but what we are urging is a study in the interest of both the elected officials, the judges upon whom the constitution has imposed the duty we are now engaged in performing, and the taxpayer. Until such a thorough study shall have been made, any attempt by the committee of judges, who are not trained in business methods themselves, to determine the number of employees required in each of the offices is an almost fruitless task. We can do little more than accept the recommendations of the officials themselves, elected by the people and bonded for the faithful performance of their duty.

NEED FOR ACCESS TO BOOKS

Wholly apart from the need for access to the books as an aid in fixing the number of employees, the books ought to be regarded as public documents, open to the inspection of citizens, under reasonable regulations. Public business should be carried on publicly. It is preposterous for an official like the County Treasurer, handling millions of dollars of public funds, to say that he will be a law unto himself, and keep important transactions of his office secret. It is no sufficient answer to say in defense of the policy of secrecy, as Treasurer O'Connell does say, that he is responsible to his bondsmen.

The public ought to be able to find out in what depositories its funds are kept, the interest payments thereon, and other conditions surrounding the collection and disbursements of money that are now concealed from the scrutiny of citizens. Why should there be one policy for the Treasurer of the City of Chicago and another for the Treasurer of Cook County? The City

Treasurer gives the public the names of the banks holding city funds and the amount in each. He accounts for the interest thereon. He is paid a salary of fixed amount, and is obliged to permit such an examination of his accounts as will show that he takes no more. The salary of the County Treasurer is fixed by law at \$4,000 a year. The actual compensation of the office is many times that sum. No person outside of the Treasurer himself, with the possible exception of his bondsmen, knows the actual amount of his compensation.

THE TREASURER'S COMPENSATION

It has been the custom of the Treasurer to pay himself out of funds in his possession, and there is no adequate supervision or check to insure that the payments are proper in all instances. In addition to his statutory salary of \$4,000 a year, the Treasurer has taken \$1,500 a year as ex-officio town collector for each of the seven towns within the City of Chicago, or \$10,500 a year. The Treasurer also has taken for himself two per cent on the inheritance taxes collected for the state. These commissions for the four-year period from December 1, 1906, to December 4, 1910, amounted to \$41,857.23, or over \$10,000 a year. It appears that the clerical work of the County Treasurer's office in collecting and handling the state inheritance tax fund has been performed by employees paid by the county, and the Treasurer has turned into his private account the entire two per cent allowed by the state for covering the expense of performing this service.

Why should Cook County pay for clerical service in the collection and handling of the state's inheritance tax fund if the entire compensation for this service for which the state makes provision is taken by the County Treasurer in his personal capacity?

Or, to take another view, why should not the statutory allowance of two per cent for handling the inheritance tax be regarded as an emolument of the office, rather than of the individual holding it, and be turned into the county treasury? This latter view seems, in fact, to be the only one consistent with

Section 9 of Article X of the Constitution, which stipulates that the only compensation of the Treasurer of Cook County shall be a salary, to be fixed by law, which salary in no case shall be as much as the compensation of a Circuit Judge, which is now \$10,000. The same section provides that all fees, perquisites and emoluments, above the amount of the salary, shall be paid into the county treasury.

INTEREST ON PUBLIC FUNDS

The question of the interest on various funds in the custody of the County Treasurer also calls for consideration. For many years it was the custom of the County Treasurer to take for himself all interest on funds in his hands. These include the revenues collected by him for the state, the city, Board of Education, Sanitary District, the several park districts and other local tax-spending bodies. This custom was and is contrary to the constitution of the state as interpreted by the Supreme Court. The law does not compel the Treasurer to put the funds in his control in the banks at interest, but if interest is actually earned it clearly belongs to the public. In recent years, in accordance with pre-election pledges, the County Treasurer has turned over certain sums of money as interest. The practice has been to make payments annually in lump sums without any detailed accounting. The public has no means of knowing, therefore, that it receives all the interest on all funds, without full access to all the books and documents involved in these transactions.

The City of Chicago receives $2\frac{3}{4}$ per cent interest on daily balances deposited in banks by the City Treasurer. The rate of interest on county funds is not known, nor is the public informed as to the banks in which the funds are kept by the County Treasurer. The names of the bondsmen of Treasurer O'Connell are as follows: William A. Tilden, Edward Tilden, C. A. Bickett, John A. King, Thomas Byrne, Bernard A. Eckhart, John C. Black, Joy Morton, R. H. McElwee, Frank Hibbard, Edward Hines. The Assistant Treasurer, Mr. Jacobowsky, went into the Treasurer's office from the Fort Dearborn National Bank, as the representative of the bondsmen.

SOUND PUBLIC POLICY REQUIRES PUBLICITY

Sound public policy requires that the books and records of the office of County Treasurer be opened to public inspection to such extent as may be necessary to enable taxpayers to understand how public business is conducted and how public funds are handled. The Chicago Bureau of Public Efficiency believes that under the law as it stands the County Treasurer is obliged to open all his books to inspection by citizens and taxpayers under reasonable conditions.

The statutes of Illinois require the County Treasurer to keep "proper books of account," and provide that "said books of account shall be free to the inspection of all persons wishing to examine the same."

The Chicago Bureau of Public Efficiency is not prepared to say that the administration of the present County Treasurer, who has been in office less than a year, is either better or worse than the administrations of his predecessors. The present head of the office is not responsible, of course, for usages and abuses of long standing. But in deliberately seeking to thwart the spirit of the times that calls for improvement in administrative practices, and especially in trying to keep the public in darkness as to how the office is managed, the present County Treasurer is pursuing a course that is manifestly reprehensible and that ought to bring down upon him the condemnation of public opinion in this community.

CHICAGO BUREAU OF PUBLIC EFFICIENCY

Purposes as Stated in the Plan of Organization

- (1) To scrutinize the systems of accounting in the eight local governments of Chicago.
- (2) To examine the methods of purchasing materials and supplies and letting and executing construction contracts in these bodies.
- (3) To examine the payrolls of these local governing bodies with a view of determining the efficiency of such expenditures.
- (4) To make constructive suggestions for improvements in the directions indicated under 1, 2 and 3, and to co-operate with public officials in the installation of these improved methods.
- (5) To furnish the public with exact information regarding public revenues and expenditures, and thereby promote efficiency and economy in the public service.

END OF
TITLE